

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02 PA-01

PRS-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06

XMB-02 OPIC-03 LAB-04 SIL-01 FEAE-00 INT-05 ERDA-05

OES-03 FPC-01 AGR-05 /104 W
----- 051636

R 301410Z SEP 75

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 338

LIMITED OFFICIAL USE SECTION 1 OF 2 TUNIS 5845

E.O. 11652: N/A

TAGS: USTSJC, TS

SUBJ: US-TUNISIAN JOINT COMMISSION--FOREIGN INVESTMENT
STATISTICS AND COMMENTS

REF: STATE 222797; TUNIS 4828

BEGIN UNCLASSIFIED. SUMMARY: RESPONSES TO QUESTIONS
RAISED STATE 222797 INCLUDED IN PART 1 BELOW. WE ALSO
BELIEVE, AS RECOMMENDED PARA 2 TUNIS 5592, THAT PAPER ON
US PRIVATE INVESTMENT POSSIBILITIES AND MEASURES THAT GOT
MIGHT TAKE TO INCREASE FLOW SHOULD BE SUBMITTED PRIOR TO
JOINT COMMISSION MEETINGS TO GIVE GOT TIME TO CONSIDER
PROBLEMS AND TO REIOND DURING MEETINGS. POINTS THAT
MIGHT BE INCLUDED IN SUCH PAPER SHOWN IN PART 2 THIS
MESSAGE. END SUMMARY.

1. RESPONSE TO STATE 222797

A. ESTIMATED VOLUME OF US INVESTMENT IN TUNISIA
REPORTED TUNIS 4828, WHICH STILL RELATIVELY ACCURATE
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EXCEPT FOR PETROLEUM SECTOR WHICH CLEARLY UNDERESTIMATES

TOTAL. WHILE SUBSTANTIAL INVESTMENTS (ESSO AND MOBIL) IN PETROLEUM MARKETING, STORAGE, HANDLING, BLENDING AND DISTRIBUTION FACILITIES TECHNICALLY AND, AT PRESENT, POLITICALLY DIFFICULT TO ESTIMATE, GROSS CUMULATIVE US INVESTMENT IN PETROLEUM EXPLORATION THROUGH MID-75 ROUGHLY \$31 MILLION, OF WHICH \$7.5 MILLION BY BUTTES, \$12M MOBIL, \$5M IN AMOCO, \$2.2 M GULF/SANTA FE, AND \$1.7M MURPHY. BREAKDOWN BY SOME NOTABLE EXAMPLES (E.G. FIRESTONE, SHERATON, BORDEN, ETC) AVAILABLE FROM OPIC PRINTOUT ON ACTIVE ACCOUNTS. IN ADDITION, SINGER INTERNATIONAL INC., THROUGH ITS FRENCH SUBSIDIARY, ESTABLISHED MANUFACTURING FACILITY IN TUNISIA MANY YEARS AGO, AND SOTAPEX ESTABLISHED THROUGH US AND LEBANESE INVESTMENT TO SORT, REHABILITATE, AND MARKET USED CLOTHING.

B. LICENSING AND FRANCHISE OPERATIONS FOR US GOODS ARE NOT WIDESPREAD. OTHER THAN HILTON HOTEL FRANCHISE CUM MANAGEMENT CONTRACT, POSSIBLY ONLY OTHER LICENSING ARRANGEMENTS ARE FOR SOFT DRINKS, INCLUDING COCA-COLA, PEPSI-COLA AND CRUSH, WITH THEIR SUBSIDIARY MARKS (E.G. FANTA, GINI). LARGE DISTRIBUTORSHIPS EXIST FOR AGRICULTURAL AND INDUSTRIAL EQUIPMENT (E.G. INTERNATIONAL HARVESTER, CATERPILLAR, FORD TRACTORS, CLARK) AND SMALLER ONES FOR OTHER PRODUCTS (E.G. HOSPITAL/MEDICAL, ELECTRONICS, OFFICE MACHINES), BUT THESE TIES ARE SEEN STRICTLY AS COMMERCIAL (I.E., TRADE). END UNCLASSIFIED.

C. BEGIN LOU. DETAILS ON SEVERAL PROJECTS UNDER DISCUSSION, E.G., AGRIBUSINESS COUNCIL/FORREST WALLACE, ARIZONA FEEDS, ROHM AND HAAS, REYNOLDS INTERNATIONAL, AND OTHER MEMBERS OF TIMAN ARE AVAILABLE FROM OPIC WHICH HAS BEEN FOLLOWING THEM CLOSELY. US STEEL EXPRESSED INTEREST IN PHOSPHATE MINING AND PROCESSING AS WELL AS AN OIL DRILLING PLATFORM CONSTRUCTION FACILITY USING FORMER FRENCH NAVAL SHIPYARD AT MENZEL BOURGUIBA. A LATEST REPORT, BOTH PROJECTS HAVE BEEN DROPPED. PREMIER CORP. (MICHIGAN) PROPOSED FEED GRAIN MILL AND VATTLE FATTENING AND SLAUGHTERHOUSE PROJECT BUT PROGRESS, IF ANY, HAS BEEN SLOW. STANDARD BRANDS HAS BEEN DISCUSSING LIMITED OFFICIAL USE

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SEVERAL PROJECTS IN FOOD PROCESSING WITH API, BUT NO CONCRETE RESULTS THUS FAR. ERIE TECHNOLOGICAL PRODUCTS LOOKING AT SEVERAL ME STATES RE POSSIBLE ELECTRONIC COMPONENTS MANUFACTURE WITH LARGELY NON-US FINANCING. PUROLATOR DISCUSSED POSSIBLE OIL FILTER PLANT FOR EXPORT BUT PROGRESS NOT CLEAR. SEIFT TEXTILES AND LEVI STRAUSS HAVE BEEN SEPARATELY CONSIDERING POSSIBLE VENTURE WITH

TUNISIAN STATE TEXTILE ENTERPRISE SOGITEX.

2. EMBASSY SUGGESTS THAT FOLLOWING POINTS BE DRAWN ON
FOR PREPARATION OF PAPER ON PROSPECTS FOR GREATER US
PRIVATE INVESTMENT TO BE PRESENTED TO GOT IN ADVANCE OF
JOINT COMMISSION MEETINGS:

A. GOT ECONOMIC POLICY, LEGAL FRAMEWORK THROUGH
LAWS OF 1972 AND 1974 AND BUREAUCRATIC STRUCTURE THROUGH
ESTABLISHMENT OF API, HAVE CREATED CONDITIONS CONducive
TO FOREIGN INVESTMENT.

B. ATTRACTIVENESS OF TUNISIA AS FAVORABLE PLACE TO
INVEST APPARENT FROM EXCELLENT RESPONSE BY US FIRMS TO
VARIOUS PROGRAMS BY GOT, USDOC, AND USG (OPIC INVESTMENT
BROCHURE, AYARI VISIT TO US, TIMAN, OPIC LETTER ON
TUNISIA, FAVORABLE ARTICLE IN "COMMERCE TODAY"), BUT
RESULTS TO DATE HAVE NOT MET OUR OR PROBABLY TUNISIAN
EXPECTATIONS.

C. AMONG MEANS WHICH MIGHT FACILITATE POTENTIAL US
INVESTORS WOULD BE ADDITION TO API STAFF OF AMERICAN
INVESTMENT ADVISOR, AT LEAST UNTIL ENOUGH AMERICAN
COMPANIES HAVE INVESTED HERELO CREATE GENERAL CONFIDENCE
AMONG THOSE COMPANIES CONSIDERING TUNISIA.
WE HOPE THAT CAUSES WHICH HAVE DELAYED
PLACING SUCH ADVISOR WITH UNIDO FUNDING IN API WILL SOON
BE OVERCOME.

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INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02 PA-01

PRS-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06

XMB-02 OPIC-03 LAB-04 SIL-01 FEAE-00 INT-05 ERDA-05

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D. ONE OF MOST ECONOMICALLY ATTRACTIVE AREAS FOR US INVESTMENT IS AGRIBUSINESS, BUT US COMPANIES ARE CONCERNED ABOUT EFFECT OF GOT LAND TENURE LAWS ON THEIR ABILITY TO OPERATE AN INTEGRATED AND PROFITABLE AGRIBUSINESS OPERATION. CONFLICTING INFORMATION, WITH SOME GOT OFFICIALS CONTINUING TO ATTRACT AGRIBUSINESS INVESTMENT AND OTHERS SAYING SUCH OPERATIONS NOT POSSIBLE, IS NOT CONDUCIVE TO PROGRESS IN THIS AREA. AGRIBUSINESS VENTURES ALSO LACK A POINT OF CONTACT AND COORDINATION; ROLE WHICH API PLAYS FOR INDUSTRIAL VENTURES.

E. RECENT GOT LEVY ON PRODUCTION OF PHOSPHATIC PRODUCTS IN POSSIBLE VIOLATION OF LETTER AS WELL AS SPIRIT OF LONG-TERM AGREEMENTS AND ITS FINANCIAL IMPACT ON REIGN-OWNED NPK (20 PER CENT AMERICAN) HAS MADE SOME US FIRMS QUESTION WILLINGNESS OF GOT TO ALLOW FOREIGN-OWNED FIRMS TO MAKE ADEQUATE PROFITS IN TUNISV. LACK OF RESOLUTION OF NPK PROBLEM CREATES CONFUSION AND UNCERTAINTY--TWO ELEMENTS NOT CONDUCIVE TO NEW INVESTMENT OVERTURES.

3. BELIEVE WASHINGTON AGENCIES FROM THEIR CONTACTS WITH LIMITED OFFICIAL USE

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US FIRMS INTERESTED IN TUNISIA MAY BE ABLE PROVIDE ADDITIONAL INFORMATION ON STATUS OF POTENTIAL US INVESTMENT PROJECTS HERE AND ON ADDITIONAL (BOTH FAVORABLE AND UNFAVORABLE) FACTORS FOR SUCH INVESTMENT, PARTICULARLY THOSE WHERE GOT ACTION MIGHT BE HELPFUL TO REMOVING OBSTACLES. SUGGEST THAT WHEN PAPER IS PREPARED IT BE TRANSMITTED TELEGRAMMATICALLY FOR TRANSLATION HERE AND SUBMITTAL TO GOT.

4. RE PARA 4, STATE 2220797, TUNISIAN SIDE
PLANS TO SUBMIT LIST OF PROJECTS TO TRADE AND INVESTMENT SUBCOMMISSION SIMILAR TO THAT PRESENTED AT IBRD CONSULTATIVE GROUP MEETING OF AID DONOR COUNTRIES IN PARIS IN JUNE 1975. DISCUSSION OF SPECIFIC PROJECTS POTENTIALLY ATTRACTIVE TO FOREIGN INVESTORS ALSO ENVISAGED WITHIN AVAILABLE TIME LIMITS.
SEELYE

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
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